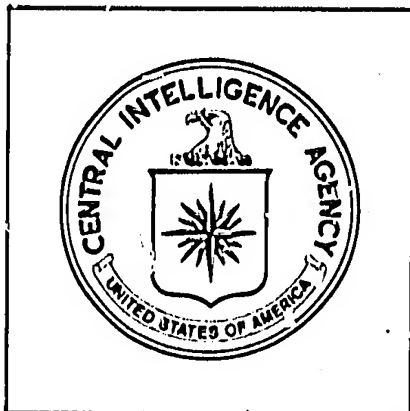


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STAFF NOTES:

Soviet Union Eastern Europe

STATE review completed

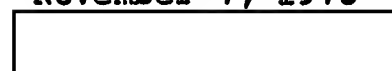
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USSR - West Germany: Scheel Visit

West German President Scheel and Foreign Minister Genscher will make what is being described as a "protocol visit with little substantive content" to the Soviet Union next week. The visit will no doubt be used to celebrate the establishment of Soviet - West German relations 20 years ago and the signing of the treaty normalizing Bonn's relations with Moscow five years ago. Scheel will pay carefully balanced homage to the Soviet and German dead of World War II and make a pilgrimage to the estate of Leo Tolstoi, one of several Russian cultural monuments vandalized during the war and still displayed as an object lesson in "fascist bestiality." The irony of this visit is underlined by Scheel's membership in the Nazi party during the war.

The West Germans will spend some time with their Soviet counterparts Podgorny and Gromyko and plan to meet briefly with Premier Kosygin. No meeting has been set up with Brezhnev, but the possibility of arranging one has been kept open.

Scheel plans to stress the broader historical themes in German-Soviet relations, while Genscher intends to raise the West Berlin question. The continuing dispute over West Germany's relationship with Berlin has blocked progress toward concluding cultural, legal, and scientific agreements between Bonn and Moscow. Genscher also intends to complain about the new Soviet - West German treaty, the cancellation of a visit by Soviet mayors to West Berlin, and failure to make progress on the joint nuclear power plant project in Kaliningrad.

There probably will not be any forward movement on these issues, but the atmosphere may be a little warmer than otherwise as a consequence of Chancellor Schmidt's visit to China. The Soviets have praised what they regard as his steadfastness defending detente against Chinese criticism.

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Poland: "Cheap, But There Isn't Any"

According to the US embassy, Warsaw appears to be following the precepts of Adam Smith instead of Karl Marx as it tries to convince the Polish people that price hikes would benefit both the consumer and the national economy. Although food prices have not been specifically mentioned, the average Pole will conclude that prices on basic food items--which have been held stable for more than five years--will soon go up.

On Monday, a popular Warsaw daily printed an article entitled "Cheap, but There Isn't Any," that implicitly argued that supply and demand should become the major forces in setting prices. The author candidly and without the use of heavy economic jargon suggests that the current price system deprives consumers of influence in the selection of goods, thereby creating shortages and long lines in front of stores.

The author comments that many consumer items whose prices are frozen have disappeared from the market because manufacturers, who lose money producing them, turn out only the minimum required by the plan. Real wages, she asserts, will continue to increase and prices should not be an untouchable "taboo," but an instrument to spur production in the direction that will best satisfy the needs of society.

The article does not answer questions about how future prices will be set and fails to point out that price increases will not quickly remedy the most irritating shortages, particularly of meat and milk products.

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New First Deputy to Ponomarev Confirmed

Vadim Zagladin has been publicly identified for the first time as first deputy chief of the Central Committee's International Department. *Pravda* of November 4 carried the story.

The department, which handles CPSU relations with non-ruling Communist Parties, is headed by Boris Ponomarev, a CPSU Secretary and a non-voting member of the Politburo. Zagladin's promotion was almost certainly approved at the party's highest levels.

Zagladin has been described as a talented and intelligent man who works from 12 to 18 hours a day. He also has a flair for public relations. Zagladin started his career as a journalist and, according to his own admission, was able to make the "good contacts" with higher authorities that enabled his career to advance.

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